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Real Estate, Evictions, Foreclosures
Mortgage Law & Financing
Divorce and Family Law

Bankruptcy
Wills, Trusts, Probate, Guardianship
Corporations, Contracts & Small Business

MORTGAGE LAW

WHAT IS MORTGAGE LAW?

As you may know, my practice of law includes work in real estate. I have added a sub-practice to my real estate practice called Mortgage Law. This means that I can help clients find the best loan product, rate and price for their home-financing needs.

The Benefits of Mortgage Law

Mortgage Law provides clients with representation, full understanding, commission free advice and financial savings in the mortgage transaction. Mortgage Attorneys are the only way to obtain a mortgage from a person whose fiduciary responsibility is to the client not the lender. The traditional sources of mortgage loans, such as loan officers and mortgage brokers, have one distinct disadvantage: they have a financial incentive to sell the loan product that is most profitable to them — whether or not that product is in the borrower's best interest.

A Mortgage Attorney changes that by bypassing the commissioned loan officer to represent clients directly with a wholesale lender. Attorneys are sworn to protect their clients in every way. That includes representing their best interest in every aspect of real estate transactions — from contract and financing to closing. Our professional ethics require that we tell our clients the whole truth and

that we avoid conflicts of interest.

In addition to the protection Mortgage Attorneys provide, they can often save clients thousands of dollars. Even the savviest of consumers are unacquainted with the true cost of a mortgage. Loan officers and mortgage brokers earn extra fees by “selling” the loan to borrowers at an interest rate higher than necessary. They actually increase the wholesale lender's price to earn these extra fees called the Yield Spread Premium (YSP). The loan officer (or broker) receives the YSP after closing and the borrower is usually unaware this transaction takes place.

Obtaining a mortgage is very similar to buying a car. You can go into the dealer and pay sticker price, or you can find out the dealer cost and negotiate a percentage profit over cost. I work through a company called Attorney's Mortgage Services (AMS) in Orlando, which has direct access to the secondary mortgage market rates. AMS markets its mortgage products through law firms throughout the state.

What I do is show you the secondary market wholesale rate sheets. These are usually about 13 pages long and offer a far wider variety of terms than other lenders. I have attached as a sample the first page of a rate sheet, which includes the most common mortgage, the conventional 30 year fixed rate.

This rate sheet says, for example, that, for the 30 year fixed rate mortgage, the secondary market is offering rates from 5.625% to 7%. To get the rate of 5.625% on a 30 day lock, you would have to pay points of 1.75% (that is 100.000 - 98.250). However, if you took the 7% rate, the secondary market would pay a premium of 2.125% back to the borrower. This means that on a \$100,000 loan, the borrower would be paid \$2,125.00 to take a rate of 7%. This is the yield spread premium that banks and mortgage brokers keep, in addition to their commissions and fees. AMS doesn't. We give this back to the borrower. Additionally, banks and brokers charge a lot of what we call "junk fees," such as application fees, underwriting fees, processing fees, warehousing fees, review fees, assumption fees, commitment fees. etc., which are for non existent services. We don't charge junk fees.

How Do You Shop for a Mortgage?

I believe that in buying anything you should get some estimates and compare before you buy. Ask each lender for a "Good Faith Estimate" of settlement costs, which they are required by law to provide to you. If they don't, leave immediately, because they are not an ethical lender. Unlike other lenders, I invite you to do this because AMS generally does have the best terms to offer, for three reasons: (1) The rates are wholesale and there are no junk fees (2) AMS has no overhead in marketing this service through law firms, and (3) No commissions are paid. If I can't find better terms for you, I will honestly tell you so.

What are the Best Terms?

It depends on your needs. It's a matter of tradeoffs. Generally, if you have adequate cash and are looking to hold the property for a long time, it is best to pay points to get the lowest rate. On the other hand, if you do not have a lot of cash and may not hold the property for a long time, it might be better to take the yield spread premium and pay a higher rate.

For example, let's compare the three 30 year fixed loans in the loan comparison calculation sheet attached to this letter. The closing costs for each

loan are \$3,500.

Loan 1 is for \$100,000 at 7% but pays you back a yield spread premium of \$2,125.

Loan 2 is for \$100,000 at 6% but you pay an origination fee of \$250. You expect to pay this loan off in 10 years.

Loan 3 is for \$100,000 at 5.625% but you pay an origination fee of \$1,750. You expect to pay this loan off in 7 years.

Which is best? In terms of interest rate, loan 3 has the lowest APR at 6.098%., but your needs may require consideration of other factors besides rates. The yield spread premium and origination fees have to be factored in for early repayment.

My Mortgage Law Practice

I enjoy practicing Mortgage Law because it enables me to return financial control to the clients I represent. With the benefit of Mortgage Law counsel, borrowers can make an informed decision regarding one of the largest financial transactions they will make in their lifetime.

With every case I accept, I do a loan analysis. If I cannot demonstrate the best terms in numbers to the client, including my legal fees, I do not accept the case. I feel ethically that the professional fee I charge must be justified in savings to the client. Because of the excessive loan costs of most lenders, I can help my clients avoid paying much more for a mortgage. I do not work on commission, and therefore I do not want to put the client in a bad loan to make the most commission for myself.

If you would be interested in, and benefit from, obtaining a mortgage with the representation of an Attorney, or otherwise need help with a closing or other real estate matter please give me a call directly at (305) 596-3368. I am excited to continue offering this unique and value-added service and providing clients with a positive home-financing experience.